

Service Date: February 6, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application of)	UTILITY DIVISION
AT&T COMMUNICATIONS OF THE)	
MOUNTAIN STATES, INC. For interim)	DOCKET NO. 83.11.80
and final approval in interim and final)	
intrastate Tariffs.)	ORDER NO. 5044a

ORDER ON AT&T COMMUNICATIONS'
MOTION FOR RECONSIDERATION
OF INTERIM RATE ORDER

On December 30, 1983, the Commission issued its Order No. 5044 granting AT&T Communications of the Mountain States, Inc., interim relief in this docket. On January 9, 1984, AT&T communications filed a motion requesting that the Commission reconsider that portion of the interim order dealing with the gain on sale of CPE. In Order No. 5044 the Commission recognized and imputed to AT&T Communications a gain on the sale of CPE determining therein that the ratepayers and no AT&T shareholders should realize that gain for purposes of calculating interim rate relief.

AT&T Communications in its motion and supporting brief objected to this treatment of the gain on the grounds first that "salvage accounting" which gave rise to the gain was proper and secondly that imputation of a gain realized by AT&T Information Systems to AT&T Communications is not proper.

This docket arises as a result of implementation of the Modified Final Judgment in U.S. v. Western Electric, et al, Civil Action No. 82-0192, effective January 1, 1984. This resulted in embedded CPE being transferred from one AT&T company to another AT&T company, but more importantly and also effective, on January 1, 1984 embedded CPE became deregulated. These occurrences coupled with the Mountain Bell Big 6 CPE sales plan raise a legitimate question as to who is entitled to realize the resulting gain; the ratepayers or AT&T shareholders. The ratepayers through the Consumer Counsel or other potential intervenors have not yet had an

effective opportunity to file testimony and present arguments concerning divestiture and all of the issues it entails. They will not have such an opportunity until a public hearing is held in this docket. The Commission does not feel that it is appropriate to rule against the ratepayers on this issue in the interim period before such a hearing and final determination of the issue. Therefore, the motion for reconsideration should be denied.

In Mountain Bell Docket No. 83.11.81, Mountain Bell moved for reconsideration of interim rate order No. 5046 on the grounds that as a result of the transfer at divestiture of the interLATA intrastate portion of operator assistance services from Mountain Bell to AT&T Communications, Mountain Bell would not realize a portion of the increased revenues granted in Docket No. 83.3.18, Order No. 4991b authorizing increased rates for operator assistance services. Consequently, the Commission in Order No. 5046a authorized Mountain Bell to increase the bulk billing charge to AT&T communications in the amount of \$293,954. This modification will increase AT&T communication's cost of operations by the same amount. Therefore, AT&T Communications should be authorized to generate \$293,954 additional revenues by increasing the charge for operator assisted toll calls. Such an increase was actually approved in Docket No. 83.3.18. This latest modification merely recognizes that AT&T Communicate and not Mountain Bell will be providing intrastate interLATA op assistance services.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The motion to reconsider Order No. 5044 filed by AT&T Communications is DENIED.

2. AT&T Communications is authorized to generate \$293,954 in additional annual revenues by increasing the rates for operator assistance services

DONE IN OPEN SESSION at Helena, Montana this day 16th day of January 1984 by a vote of 4-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

THOMAS J. SCHNEIDER, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner
(Voting to Dissent)

CLYDE JARVIS, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.